

Classic ill-health retirement pension benefits

A brief guide to the benefits available



Contents

Introduction	3
Your questions answered	4
How does the ill-health retirement procedure work?	4
How are your benefits worked out?	5
Will my benefits be enhanced?	6
Can I appeal against my employer's decision to retire me/not to retire me?	7
Other information	8
What are the criteria for ill-health retirement benefits?	8
Injury at work	8
Pensions increase	8
Technical terms	9

Introduction

This leaflet tells you what **classic** benefits you may be paid if you have to leave your job early because you are ill.

An ill-health retirement pension may be paid if our medical adviser is satisfied that you can no longer do your job because you are ill and that your breakdown in health is likely to be permanent.



Note: This leaflet provides a guide to provisions for ill-health benefit in **classic**. It does not cover every aspect; the full details are contained only in the rules, which are the legal basis of the Scheme. You should note that nothing in this booklet can override the rules, and in the event of any unintentional difference, the rules will apply.

We have tried to use as little jargon as possible, but some technical terms are shown in bold when they appear in the text. Please refer to the technical terms section on the right for an explanation of the terms.

Your questions answered

How does the ill-health retirement procedure work?

You can ask for ill-health retirement. Alternatively, your employer may put you forward. In both cases, the scheme's medical adviser must be satisfied that you meet the ill-health retirement criteria. If they find that you do, your employer will then decide whether to retire you.



How are your benefits worked out?

You will receive immediate payment of your pension and lump sum. Your pension may be enhanced (that means you will receive added years of service).

Your pension is worked out as 1/80th of your **pensionable earnings** for every year of your completed **reckonable service**.

You also qualify for a tax-free lump sum. It is worked out as three times your pension and is payable immediately.

You will also be able to choose to give up part of your pension for an additional lump sum. You can choose how much extra lump sum you want, up to a maximum of your pension x 33/14, but you must give up £1 of annual pension for each £12 of lump sum.

You can find out how much additional lump sum you can take, and the effect it will have on your pension by using the Lump sum calculator on our website, or please contact us.

Reducing annual pension in this way generally has no impact on dependants' pensions as these are based on your pension before you give any up for a higher lump sum. However, if you are aged 75 or over when you die, the tax rules on pensions will restrict the total of any dependants' pensions payable to a maximum of the amount of your pension at the date of your death. As taking a higher lump sum reduces your pension, this might lead to your dependants' pensions being reduced if you die after reaching 75. But this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education) when you die over age 75.

If you are single and eligible to receive a partial refund of WPS (widows'/widowers' pension scheme) contributions on retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund plus any additional lump sum you choose to take cannot exceed the maximum permitted lump sum.

Your benefits also depend on the length of your qualifying service and your reckonable service.

Will my benefits be enhanced?

This will depend upon the length of your service. If you have:

- **Less than two years' qualifying service**

No. You are not eligible for the award of pension benefits. However, you are entitled to transfer your benefits out of **classic**, if you apply within certain time limits. There is further information about how to do this in the leaflet 'Leaving **premium or classic** before pension age with less than 2 years' service'.

- **Two to five years' qualifying service**

No. Your benefits will be worked out using your actual **reckonable service**.

- **Between five years' qualifying service and ten years' reckonable service**

Yes. Your **reckonable service** will be doubled. However, your benefits must not exceed those you would have earned if you had worked until five years after **pension age** (in other words, until age 65 for most members).

- **Over ten years' reckonable service**

Yes. Your **reckonable service** is increased under Method A or B, whichever gives the best result:

Method A

Your **reckonable service** is increased to 20 years, or, if it is less, to the amount you would have built up if you had worked until five years after pension age.

Method B

Your reckonable service is increased by $6\frac{2}{3}$ years, or, if it is less, to the amount you would have built up by **pension age**.

Note: A sum may be deducted from your lump sum to cover the contributions due on the widow's, widower's or surviving civil partner's benefits for any enhanced period of **reckonable service**. If you had already opted to pay additional contributions for widow's, widower's or surviving civil partner's benefits, this deduction may be reduced or eliminated.

If any of your **reckonable service** was before 1 June 1972, you may have a further deduction for widow's, widower's or surviving civil partner's benefits from your lump sum. Please contact us if you need any further information.

Can I appeal against my employer's decision to retire me/not to retire me?

Yes. There is an appeals process you can go through. Please contact us/visit our website for information.



Other information

What are the criteria for ill-health retirement benefits?

The criteria are that you are prevented by ill-health from discharging your duties and that your ill-health is likely to be permanent.

- Prevented means having a significant incapacity. It does not mean 'unwilling', 'disinclined to' or 'inconvenient to' undertake duty.
- Ill-health means a recognised medical condition giving rise to the incapacity. Diagnosis must be supported by clinical findings.
- Discharging duties means providing regular and effective service in the normal duties of the grade.
- Likely means on a balance of probabilities.
- Permanent means until normal retirement age for your job.

Injury at work

If you retire as a result of an injury sustained, or a disease contracted, in the course of official duty, additional benefits may be payable under the Civil Service Injury Benefit Scheme. You should contact your employer for further information.

Pensions increase

You will receive cost of living increases on your ill-health retirement pension from the time it comes into payment, regardless of your age at the time you retire.

For more information and advice about specific benefits, please contact us or visit our website.

Technical terms

As the Scheme administrators, we hold your pension records and administers your pension on your employer's behalf, including working out and arranging pension payments.

Pension age is the earliest age at which you may take voluntary retirement and receive immediate pension benefits. For most people it is age 60.

Pensionable earnings is the amount of pay and pensionable allowances used to work out your pension benefits.

Reckonable service is the service which counts towards your pension. Part-time service will count on the basis of hours worked.

Qualifying service is generally the same as your actual service in the Civil Service, but may include a period before this if you transferred pension benefits from a previous scheme into **classic**. A week's full-time or part-time service is one week's qualifying service.

